

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

ePLUS, INC. : Civil Action No.
vs. : 3:09CV620
LAWSON SOFTWARE, INC. : January 11, 2011

COMPLETE TRANSCRIPT OF THE JURY TRIAL

BEFORE THE HONORABLE ROBERT E. PAYNE

UNITED STATES DISTRICT JUDGE, AND A JURY

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P R O C E E D I N G S

THE CLERK: Civil action number 3:09CV00620, ePlus, Incorporated versus Lawson Software, Incorporated. Mr. Scott L. Robertson, Mr. Craig T. Merritt, Ms. Jennifer A. Albert, Mr. Michael G. Strapp, and Mr. David Young represent the plaintiff.

Mr. Daniel W. McDonald, Mr. Dabney J. Carr, IV, Ms. Kirstin L. Stoll-DeBell, and Mr. William D. Schultz represent the defendant. Are counsel ready to proceed?

MR. ROBERTSON: Plaintiff is, Your Honor.

MR. McDONALD: Yes, we are, Your Honor.

THE COURT: What did you all need to talk about?

MS. STOLL-DeBELL: We actually resolved it, Your Honor, between the time we that mentioned --

THE COURT: Tell them to bring the jury in. What do we have this morning?

MR. ROBERTSON: The first witness we're calling this morning is Mr. Keith Lohkamp, Your Honor. He's a Lawson employee. I have a number of binders associated with the witnesses this morning. I want to make sure my paralegal -- oh.

(Jury in.)

THE COURT: Good morning, ladies and gentlemen. All

1 right, we have a witness. Next witness.

2 MR. ROBERTSON: Mr. Keith Lohkamp.

3 THE COURT: All right, Keith Lohkamp.

4

5 **KEITH LOHKAMP,**

6 a witness, called by the plaintiff, having been first duly
7 sworn, testified as follows:

8 DIRECT EXAMINATION

9 BY MR. ROBERTSON:

10 Q Good morning, Mr. Lohkamp.

11 A Good morning.

12 Q Mr. Lohkamp, you are a Lawson Software employee; correct?

13 A Yes, I am.

14 Q And you are a product strategist for supply chain
15 management; correct?

16 A Yes.

17 THE COURT: Can we get the witness to spell his last.

18 Q Can you please spell your last name, sir, for the record.

19 A It's L-o-h-k-a-m-p.

20 Q Can you explain to the jury essentially what supply chain
21 management is?

22 A Supply chain management involves the procurement of goods
23 and services and the management of the inventory related to
24 managing those goods. It also includes, can include the sell
25 side, so selling those goods and services as well.

1 Q And Lawson offers a suite of products that involve supply
2 chain management; correct?

3 A Yes, Lawson offers a suite of supply chain products.

4 Q Can you identify some of them for us, sir?

5 A Some examples of the supply chain management applications
6 include strategic sourcing, contract management, procurement,
7 requisition self-service, procurement punchout, EDI, mobile
8 supply chain management.

9 Q Inventory control?

10 A Inventory control is a module that's part of the
11 procurement application.

12 Q And you mentioned EDI. That term has been bandied about
13 in the courtroom before. Can you explain what your
14 understanding of EDI is as far as that application goes?

15 A EDI stands for electronic data interchange, and what it
16 means is it's an application that sends electronic messages
17 from a buying organization to a selling organization and can
18 receive electronic documents back from the selling
19 organization.

20 Q The vendor?

21 A The vendor, yes.

22 Q And you have been the supply chain management product
23 strategist since 2005; correct?

24 A Correct.

25 Q And that falls within the product management department?

1 A Yes, it's part of the product management department.

2 Q And part of your responsibilities and duties as this
3 product strategist include supporting sales and marketing; is
4 that right?

5 A Yes.

6 Q And as part of your role in supporting sales and
7 marketing, it's true that you conduct competitive analysis from
8 time to time; correct?

9 A Yes, I do conduct competitive analysis from time to time.

10 Q Why don't you tell the jury what you understand
11 competitive analysis to be?

12 A When I do competitive analysis, I'm looking at what other
13 companies may offer in terms of software and what features and
14 comparing that to what Lawson offers and then trying to figure
15 out how to position our software against the competitors.

16 Q And you've done this in the sphere of procurement;
17 correct, competitive analysis?

18 A I have done competitive analysis in procurement.

19 Q That is, actually go out and look at competitors and see
20 what kinds of features and functionality they are offering for
21 their products, see how Lawson can position itself to better
22 compete; correct?

23 A Yes, I will look at the features competitors offer.

24 Q You've done that, in fact, for the last five years for
25 Lawson; right?

1 A As part of my responsibilities, I will look at certain
2 products that we may be competing against.

3 Q For the last five years?

4 A For the last five years.

5 Q Isn't it true that you obtain information that use these
6 competitive analyses from actually looking at competitor
7 websites; correct?

8 A Competitor websites are one source I use.

9 Q What are some of the other sources you use?

10 A The other sources might be conferences I attend. I might
11 pick up materials from competitive booths, for example.

12 Q Anything else?

13 A I also may look at analysts' reports on particular
14 companies.

15 Q Are there specific analysts' reports that are dedicated to
16 the procurement field?

17 A There are certain analysts that will publish different
18 reports on procurement.

19 Q And you also speak to Lawson sales employees for their
20 experiences in competing with other companies in the
21 procurement field; correct?

22 A Yes, I will speak with the sales team to get their input
23 as well.

24 Q And as product strategist in supply chain management, you
25 provide product information with respect to marketing

1 brochures; correct?

2 A For the products that I work on, I'll provide input on
3 marketing brochures.

4 Q You also do that for the products you work on in the
5 supply chain management, you provide information for content
6 for white papers; correct?

7 A Yes.

8 Q And you also, as part of your responsibilities as the
9 product strategist in procurement, have provided information
10 for the content of Lawson's website; correct?

11 A Yes, I've provided input to the Lawson website.

12 Q And you also provide product information with respect to
13 the content for product presentations at some of these trade
14 shows, for example, you talked about; correct?

15 A Yeah, for the products I work on, I provide content for
16 presentations.

17 Q Which includes procurement; right?

18 A Includes procurement.

19 Q And those various informational documents we just talked
20 about, the website, the brochures, the white papers, in most
21 instances, those are prepared for external audiences; isn't
22 that right?

23 A Brochures and the website and white papers are prepared
24 for the external audiences.

25 Q And they are reviewed by Lawson's legal department for

1 accuracy; isn't that right?

2 A It's my understanding that the legal department reviews
3 those documents.

4 Q And, of course, when you provide that kind of information
5 with respect to sales or marketing materials in brochures or
6 websites, white papers or other material, you try to be as
7 accurate as possible in that information; isn't that right?

8 A Yes, we try to be accurate.

9 Q And so it's not your intent to try to mislead anybody by
10 the content of those documents; correct?

11 A That's correct.

12 Q Let's talk a little bit about the Lawson supply chain
13 management and the various modules and applications that are at
14 issue there. Is there a core functionality for the supply
15 chain management that's necessary in order to be able to search
16 for items and then be able to build requisitions and generate
17 purchase orders?

18 A The core application to be able to requisition items would
19 be the procurement application.

20 Q That would include inventory control?

21 A That includes the inventory control module.

22 Q That would include the requisitions module?

23 A Includes the requisition module.

24 Q And that would include the purchase order module; correct?

25 A Yes, it includes the purchase order.

1 Q Now, there are various applications, aren't there, that
2 need to sit on top of those core functional modules that Lawson
3 also offers its products; correct?

4 A Yeah. Lawson offers additional applications that sit on
5 top of that application.

6 Q So, for example, one of those would be this requisition
7 self-service application?

8 A Yes.

9 Q And another one could be a punchout procurement
10 application?

11 A Yes, sir, procurement punchout.

12 Q Procurement punchout, that's an application that, if you
13 will, following my analogy, needs to sit on top of the
14 requisition self-service application; correct?

15 A It requires requisition self-service, yes.

16 Q If I want to have procurement punchout, I need to have
17 requisition self-service; right?

18 A That's correct.

19 Q There's also this EDI application you talked about?

20 A Yes.

21 Q Now, I don't need requisition self-service for the EDI
22 application; correct?

23 A That's correct.

24 Q So that can just sit on top of foundation, of this core
25 procurement technology we talked about, inventory control,

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1 requisitions, and purchase order; right?

2 A Yes.

3 Q There's something within the inventory control module
4 known as the item master; isn't that right?

5 A Yes.

6 Q And the item master is a list of products within the
7 inventory module; correct?

8 A Yes, a list of products within the inventory control.

9 Q So a user of this supply chain management software
10 solution we've been talking about -- can we call it S3 solution
11 for short? Are you comfortable with that?

12 A Yes.

13 Q This S3 software solution offered by Lawson can have an
14 item master, a list of goods that are available from various
15 suppliers; isn't that right?

16 A Yes. It's a list of goods that the customers want to
17 purchase. They can come from various sources.

18 Q And so for each item in the item master, you have a number
19 of data fields associated with that item; isn't that right?

20 A Yes.

21 Q So you can have a stock unit of measure, for example?

22 A Yes.

23 Q You can have manufacturer information?

24 A Yes.

25 Q Manufacturer name?

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1 A Yes.

2 Q Vendor name?

3 A No.

4 Q Can't have a vendor name in it?

5 A Not in the item master itself.

6 Q Where would that vendor information be located; in a
7 vendor table?

8 A The vendor name is in the vendor table.

9 Q Okay. Thank you. Isn't one of the data fields you can
10 associate with an item, is a vendor item number?

11 A Yes. You can associate a vendor item number.

12 Q And this vendor item number is a catalog number that can
13 be used to order from a supplier; correct?

14 A Yes. It's the catalog number to order from that
15 particular vendor.

16 Q This Lawson S3 procurement product we've been talking
17 about has the capability of doing a vendor catalog load; isn't
18 that right?

19 A It has the capability of loading items that were provided
20 by a vendor into the item master.

21 Q It has the capability of doing a vendor catalog load;
22 isn't that right?

23 A Well, there's a program called vendor catalog load that
24 can be used to upload items provided from a vendor.

25 Q And it's called vendor catalog load?

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1 A Uh --

2 Q Yes or no, sir? Can you fairly answer that question?

3 A I believe it's yes.

4 Q Thank you. So this Lawson S3 procurement product has the
5 ability to permit users to create and pull in catalog items
6 such as vendor items, price agreements, and contracts in order
7 to populate that item master; isn't that right?

8 A Yes. You can bring in vendor items into the item master
9 and prices into vendor agreements.

10 Q This vendor catalog load is performed using the purchase
11 order module that's part of the core functionality of the S3
12 procurement product; right?

13 A Yes, uses the purchase order module.

14 Q You spoke about this Lawson EDI application which stands
15 for this electronic data interchange where you can retrieve
16 certain information with respect to an item from the vendor;
17 correct?

18 A Yes, I did speak about the EDI.

19 Q So through this EDI application, Lawson provides
20 connections to product vendors to allow vendors to make item
21 data available to users of its S3 procurement product; correct?

22 A It's used to support the 832 transaction set.

23 Q So would the answer to my question then be yes?

24 A Yes, it supports the 832.

25 Q That's not my question. My question is, does it provide

1 EDI connections to product vendors that allow vendors to make
2 item data available to their customers? Can you answer that
3 question fairly yes or no?

4 A Yes.

5 Q And there is a Lawson EDI communication protocol with
6 vendors to retrieve item information and populate the item
7 master; isn't that right?

8 A Yes.

9 Q Let's take a look, if I could -- do you have a notebook in
10 front of you with both days of your deposition testimony and a
11 number of exhibits that are tabbed, sir? And it's a little
12 unwieldy, but towards the back it's Plaintiff's Exhibit Number
13 188. I'd like you to open to that if you could. You've seen
14 this document before; correct?

15 A Yes, I have.

16 Q And it's the vendor agreement import overview for release
17 8.03?

18 A Yes.

19 Q And it's dated March of 2006; correct?

20 A Correct.

21 Q And you believe the information contained in there was
22 accurate as of that date, don't you?

23 A To the best of my knowledge, yes.

24 Q The current version of the vendor agreement import process
25 still allows customers to obtain a file from a vendor with

1 vendor item, unit of measure, and unit price information, load
2 it into the Lawson application, determine which items to
3 include on an agreement, and allow the system to create a
4 Lawson item number if one does not currently exist; correct?

5 A That's correct.

6 Q If you could go to, under the heading main success
7 scenario, do you see that, sir?

8 A Yes.

9 Q Document there discussions an import process that can read
10 a file that includes vendor item information; correct?

11 A Yes, the document contains that.

12 Q And it's state here that this file can contain all items
13 from a vendor's catalog, or only specific items that are
14 included in a negotiated contract with the customer or a group
15 purchasing organization. Did I read that correctly?

16 A Yes, you did.

17 Q That is an accurate statement; correct?

18 A Yes. The software is possible to do both those things.

19 Q And that statement is still accurate, it has the
20 capability -- the current version -- of the vendor agreement
21 import process; right?

22 A Yes, it's still accurate.

23 Q Going down to the paragraph that begins, items included on
24 an agreement must have a Lawson item number assigned. It goes
25 on, it's true also that the current version of the vendor

1 agreement import process can still include vendor item numbers,
2 UPC, SKU, UPN, manufacturing item numbers, or NDC identifiers
3 in the vendor input file record; is that right?

4 A Yes, it is still supported.

5 Q Can you explain to the jury what each one of those terms
6 means? Can we start with UPC; sir?

7 A It's a universal product code. It's like the barcode you
8 see on a can of Coke. That's the number in the barcode.

9 Q What is an SKU?

10 A That is a stock keeping unit, so it could be a product
11 number that is assigned.

12 Q And manufacturing item numbers are item numbers assigned
13 by the manufacturer to their particular good?

14 A Yes, it's what the manufacture assigned.

15 Q What is an NDC identifier?

16 A It is a national drug code. It's a product identifier
17 used for pharmaceutical items.

18 Q All those things can be imported through the vendor
19 agreement import process; correct?

20 A That is correct.

21 Q If you take a look at Plaintiff's Exhibit 113 that's in
22 your binder, are you with me, sir?

23 A Yes.

24 Q You've seen this document before; correct?

25 A I did not see it as part of my regular job

1 responsibilities, but I've seen this as part of this case.

2 Q You were asked some questions with respect to this
3 document; do you recall that?

4 A I believe I was, yes.

5 Q And this is called -- document is entitled design
6 analysis, and the title is vendor catalog load; correct?

7 A That's correct.

8 Q And is it fair to say this document generally discusses
9 the vendor catalog load process as part of Lawson's S3
10 procurement system?

11 A Yeah. From my understanding of the document, it describes
12 the design that became that vendor import agreement load
13 program.

14 Q Under the heading requirement, do you see that? The first
15 sentence states, there is a need to automatically load vendor
16 item information into the Lawson system. Did I read that
17 correctly?

18 A Yes, you did.

19 Q This requirement still exists in the current version of
20 the Lawson S3 procurement product; correct?

21 A Yes, customers still need to load item information that
22 they've received from the vendor.

23 Q The next sentence states, this data could be a vendor
24 catalog which contains information about all the items that a
25 vendor carries, or it could be items that are included in a

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1 specially negotiated contract between the vendor and a single
2 client or group purchasing organization; did I read that
3 correctly?

4 A Yes, you did.

5 Q That requirement still exists in the current version of
6 the Lawson S3 procurement product; correct?

7 A Yes. You could load all items or a set of items, but most
8 of our customers just load the set of items that they want to
9 purchase.

10 Q In order to be able for a user to obtain this information
11 of catalog content, that can be loaded into the item master;
12 isn't that right?

13 A I'm sorry. I didn't quite follow the question.

14 Q The item master is where that catalog content information
15 can be loaded in order to be available to a customer?

16 A The item information from the vendors is loaded into the
17 item master.

18 Q I'm asking about the catalog content that's referenced
19 here, sir, that can be loaded into the item master; yes or no?

20 A Yes.

21 Q The next sentence states, the purpose of this document is
22 to define a new process that will read a vendor supply file
23 items and add the items to the item master and the item's price
24 to the vendor agreement file. Did I read that right?

25 A Yes.

1 Q And that's still true of the Lawson S3 procurement product
2 today; right?

3 A Yes.

4 Q The next sentence states, it -- and "it" do you understand
5 to mean this vendor catalog load process?

6 A The process as designed in this design, that's what I
7 understand it to be.

8 Q States, needs to give the Lawson customer the ability to
9 identify which vendor items should be loaded into the Lawson
10 system and which are not needed; do you see that?

11 A Yes.

12 Q That's still correct of the system today; right?

13 A Yes.

14 Q Under the heading process, if we could enlarge that and
15 highlight it. The first statement, sentence there states,
16 quote, the process for loading vendor catalog data into the
17 Lawson system will be performed in multiple steps; correct?

18 A Yes.

19 Q And that process for loading catalog data is still
20 performed in multiple steps to this day; right?

21 A Yes.

22 Q The next sentence states, the first step will be to obtain
23 the vendor catalog information; isn't that right?

24 A That's what it says, yes.

25 Q Yes. And obtaining the vendor catalog information is

1 still the first step in this process today; right?

2 A Yes.

3 Q If you could turn to Plaintiff's Exhibit Number 110, if
4 you could.

5 A I'm there.

6 Q You've seen this document before?

7 A Yes, I have.

8 Q This is entitled Lawson EDI for supply chain management
9 trading partner list; correct?

10 A Correct.

11 Q And this document is actually intended for an external
12 audience; is that right?

13 A Yes, it is.

14 Q This training partner list document is intended to explain
15 who the suppliers are that provide EDI and to also provide
16 information how to configure the EDI for those trading
17 partners; isn't that right?

18 A Yes, it is.

19 Q So is this a document that is a list of trading partners
20 that support some set of EDI transactions?

21 A Yes, that our EDI product works with.

22 Q The EDI application that's offered as part of Lawson's S3
23 procurement product has the ability to obtain item information
24 from vendors on this list that support a price catalog;
25 correct?

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1 A Yes, for certain vendors.

2 Q I'd like to talk to you a little bit about the
3 requisitions module if we could.

4 A Okay.

5 Q That's part of the core three modules we talked about for
6 the S3 procurement product; right?

7 A Yes.

8 Q Isn't it true that more often than not Lawson's customers
9 in the public sector have some sort of requisition module or
10 application they've acquired from Lawson?

11 A I believe that's correct.

12 Q Let's talk a little bit about requisition self-service for
13 a moment if we could, sir. Would it be fair to say that the
14 requisition self-service application is intended to be
15 user-friendly?

16 A That is the intent.

17 Q That's one of its goals; right?

18 A Yes.

19 Q This requisition self-service application that Lawson
20 offers, that provides the ability of hundreds, perhaps even
21 thousands of individuals at a customer to have access to this
22 procurement capability at their desktop or laptop PC; correct?

23 A Yes, for the requisitioning capability.

24 Q Isn't it, in fact, how Lawson markets this requisition
25 self-service application, by saying, in effect, you can now

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1 distribute that capability to many of your employees to have
2 the ability to search for matching items, build requisitions,
3 and generate multiple purchase orders; correct?

4 A We market it as a way for them to search those items and
5 create requisitions.

6 Q And then you need the other modules in order to do the --
7 generate the requisition and purchase orders and complete the
8 transaction; correct?

9 A Right. You need the purchase order to generate the
10 purchase.

11 THE COURT: Excuse me just a minute. If a vendor
12 with whom the customer has a need to interact has a large list
13 of items, and each one of these people over here of these
14 tables, the lawyers, they are different customers or different
15 employees of the customer, could Mr. Carr, one of those people
16 over here, have one segment of the vendor items available to
17 him because he's in department A, and Mr. McDonald have another
18 segment of the same vendor's items but not the same ones
19 because he's in department B, et cetera? Could that be done in
20 this system?

21 THE WITNESS: In that example, we would load all the
22 items into the item master, and then certain departments, you
23 may restrict who has access to certain items in the item master
24 so that an individual in a particular department may not be
25 able to buy, say, computers, for example. So you could set

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1 that up to one user --

2 THE COURT: Okay. Excuse me. Go ahead.

3 Q All right. So I'm clear on this, this requisition
4 self-service application differs from the requisition module in
5 it's more of a widespread application that can be used by
6 multiple users as opposed to the requisitions module in which
7 typically the requisitions department is authorized to make
8 purchases and not all these other employees?

9 A Requisition self-service is designed to be available
10 through a web browser and available to more people.

11 Q Now, you call some of these things modules and some of
12 these things applications, but really that's terminology you
13 just use in the way you market it; isn't that right?

14 A It's terminology from the marketing, how we market and
15 sell it.

16 Q It's still software; right?

17 A Still software, yes.

18 Q One of the things you can do with this requisition
19 self-service application is you can click on a drop-down menu
20 for find/shop to specify to search a catalog; isn't that right?

21 A It's a find/shop search catalog.

22 Q Requisition self-service has that capability; right?

23 A Yes, it has that drop-down menu.

24 Q And a user can also input keywords into a search box in
25 this requisition self-service application and the user

1 interface to locate products; isn't that right?

2 A Yes, they can.

3 Q You have some familiarity with a standard known as the
4 universal standard products and services classification code,
5 also known as the UNSPSC code; correct?

6 A Yes.

7 Q And the UNSPSC code can be assigned to items in the Lawson
8 procurement suite and used in a way to navigate in this
9 requisition self-service application we've been talking about;
10 isn't that right?

11 A Yes.

12 Q And so this -- actually where is the UNSPSC load for
13 inputting that data? How do you do that?

14 A For importing the UNSPSC code?

15 Q Classification codes.

16 A Okay. So all the commodity structure, so all the codes
17 and the hierarchy are loaded into inventory control.

18 Q Inventory control module has the capability to load that
19 as offered; right?

20 A Yes.

21 Q So out of the box, inventory control module, one of these
22 core modules that make up this S3 product we've talking about
23 has that capability to get those UNSPSC classification codes
24 right into it; right?

25 A Yes.

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1 Q So this procurement punchout software we've been talking
2 about, you market that as an application; isn't that right?

3 A Yes, we do.

4 Q And I understand you to say that if you want to have
5 procurement punchout, you need to have the requisition
6 self-service application; right?

7 A Yes, you do.

8 Q But procurement punchout can't be used alone; is that
9 right?

10 A It can't be used standalone.

11 Q So you have to have the requisition self-service and those
12 other three core modules we've been talking about, inventory
13 control, purchase order, and requisitions; right?

14 A Yes.

15 Q And a way for a user of this Lawson S3 product we've been
16 talking about to access data with respect to items being
17 offered by a vendor through this punchout application, users
18 can go to a vendor's specially prepared website, see what items
19 are available for sale, bring that item data back, import it
20 into the requisition self-service user interface, and then move
21 forward with the purchase process; isn't that right?

22 A Sorry. Could you repeat that? I'm not sure if I caught
23 the beginning.

24 Q Let me rephrase it. Using this Lawson procurement
25 punchout application, you can go to a specially prepared

1 vendor's website, see what items are available for sale, bring
2 that item data back, import it into the Lawson requisition
3 self-service user interface, and then move forward with the
4 purchase process; correct?

5 A Yes. You can bring the items that you selected in
6 checkout and bring that back into requisitions.

7 Q With this procurement punchout application, you can do
8 this serially? By that I mean one after another after another
9 by just going to these different Lawson punchout trading
10 partners in order to look at items and then import the data
11 back into the requisition self-service; correct?

12 A Yes, you can go to a vendor website that's been set up for
13 the punchout.

14 Q So I can go to Dell's website that's been set up through
15 Lawson, and then I can go to Staples, and then I can go to
16 Hewlett Packard assuming all those websites are acting as a
17 trading partner or punchout partner with Lawson; right?

18 A Well, you would have -- they would have to be a trading
19 partner with our customer. So it doesn't have to be with
20 Lawson.

21 Q But assuming that they are a trading partner with your
22 customer, if your customer asks you to set up that capability,
23 Lawson does that as part of the services it provides; right?

24 A If our customer requests us to configure that, we would
25 configure it.

1 THE COURT: Do most of the customers ask you to do
2 that?

3 THE WITNESS: Um, most of our customers might discuss
4 to set up the very first one, and then our customers set up all
5 subsequent trading partners. They learn how to do it
6 themselves because it's a matter of configuration of the
7 application.

8 THE COURT: You teach them how to do it, in other
9 words?

10 THE WITNESS: We would --

11 THE COURT: Show them how to do it.

12 THE WITNESS: Yes.

13 Q You provide them manuals and guides to teach them on that;
14 right?

15 A Yes.

16 Q And you provide training services that would help them,
17 assist them in that process; isn't that right?

18 A Yes.

19 Q And Lawson charges fees for all those things; right?

20 A For the training, and documentation is included with the
21 software license.

22 THE COURT: Wait a minute. Documentation is included
23 with the software license so you don't charge separately for
24 that, but you do charge separately for the training; is that
25 what you are saying?

1 THE WITNESS: That's what I'm saying. We don't
2 charge for documentation separately.

3 THE COURT: Because it's part of the license
4 agreement?

5 THE WITNESS: Part of the license agreement, yes.

6 Q The documentation is intended to instruct and assist the
7 customers in adding punchout partners after you have set up the
8 initial one; is that right?

9 A The documentation explains how to configure additional
10 trading partners.

11 Q After Lawson has set up the initial trading partner?

12 A If we were asked to do that.

13 Q I understood you to say that's typical. Did I misconstrue
14 your testimony?

15 A It's -- yes, I did say that. It's common that we do that.

16 Q All right, thank you. Now, you are familiar with a
17 product known as process flow integrator?

18 A Yes, I am.

19 Q Sometimes referred to in Lawson's documents as process
20 flow?

21 A There's a -- process flow integrator is a particular
22 version of process flow.

23 Q Process flow, though, isn't part of the actual procurement
24 software we've been talking about; correct?

25 A Correct.

1 THE COURT: Is or is not?

2 MR. ROBERTSON: Is not.

3 Q It's part of a foundational software on which the S3 core
4 software exists in any of these other applications; correct?

5 A Yes. Part of our core technology.

6 Q To use punchout, procurement punchout, excuse me, it's
7 necessary to have this process flow; correct?

8 A No.

9 THE COURT: Process flow is part of the core
10 technology; is that what you said?

11 THE WITNESS: Yes.

12 THE COURT: Is the core technology necessary to use
13 procurement punchout?

14 THE WITNESS: Um, so the core technology, it's
15 included. People will get process flow when they get the core
16 technology. Process flow is only used if you want to send XML
17 purchase orders from procurement punchout. So if customers
18 aren't sending XML purchase orders, they don't need process
19 flow.

20 Q If they are, they do need process flow?

21 A They do need process flow.

22 THE COURT: What is XML?

23 THE WITNESS: XML is a type of document format. It
24 stands for extended markup language, so it's an electronic file
25 format.

1 Q The Lawson system foundation is part of the core
2 technology, correct, in order to have procurement operate,
3 functional?

4 A Yes.

5 Q Let's talk a little about this punchout part of the
6 program if we could. In order to assist Lawson's customers
7 with obtaining vendor information with respect to items that
8 are being offered for sale, Lawson establishes partnerships
9 with third-party vendors such that the Lawson system can punch
10 out to those vendors; isn't that right?

11 A Sorry, could you repeat that, the question?

12 Q In order to assist its customers with obtaining vendor
13 information with respect to items that are being offered for
14 sale, Lawson established partnerships with third-party vendors?

15 A Yes, we've established partnerships for punchout to assure
16 that people can punch out to those vendors' websites.

17 Q And Lawson refers to these third-party vendors as punchout
18 partners; correct?

19 A We refer to them as punchout trading partners.

20 Q And Lawson enters into agreements with some of these
21 Punchout trading partners; correct?

22 A Yes.

23 Q Others you have long-standing relationships with?

24 A Sorry?

25 Q Other of these punchout trading partners you have

1 long-standing relationships with; right?

2 A Right. Others have been supported for a number of years.

3 THE COURT: Excuse me just a second. Earlier I
4 thought you said, and I'm not suggesting that you said anything
5 deliberately at odds or even maybe not at odds at all, so I'm
6 asking the question.

7 I thought you said that the customers, Lawson's
8 customers had to execute the contracts with the trading
9 partners, the punchout partners, and then you just said that
10 Lawson has contracts with the trading, punchout trading
11 partners. Are there two different contracts that are involved?

12 THE WITNESS: Yes, sir. There are two different
13 contracts that are involved.

14 THE COURT: What does the contract between Lawson and
15 the punchout partner, basically what does it arrange for?

16 THE WITNESS: It arranged for the testing of the
17 communication between procurement punchout and the vendor's
18 maintained website. We make sure there's really the handshake
19 so that if a customer wants to use our software with that third
20 party, we'll test it to make sure that it works and that when
21 they check out, that the items they've selected were able to
22 bring them back into our software, and so it covers that
23 initial testing and then ongoing maintenance of that.

24 THE COURT: And then the customer's contract with the
25 punchout partner, what generally does it cover?

1 THE WITNESS: So the customers are contracting with
2 those vendors to buy goods and services from them, so they go
3 and negotiate that they're going to purchase from them, any
4 contract, any contracted prices as well. So they are
5 establishing that business relationship for the purchase of
6 products.

7 THE COURT: So basically if I'm doing something
8 through punchout, I go establish a purchase arrangement
9 contract with them, and then I can go in and order, and I can
10 put in what I need and it gets dealt with pursuant to that
11 contract; is that what happens?

12 THE WITNESS: Yes.

13 THE COURT: It obligates me to pay for it and then to
14 send it and et cetera, whatever the contract says; right?

15 THE WITNESS: Yes.

16 THE COURT: Your role in it is to set up the whole
17 process so I, as your customer, can do that, and that has to be
18 done in part by using -- by making sure there's an interconnect
19 between my system, your customer's system, and the punchout
20 partner system?

21 THE WITNESS: Yes. We're making sure that if our
22 customer wants to try it, technically it works.

23 THE COURT: All right.

24 Q So you indicated that Lawson enters into these punchout
25 trading partner agreements, but if the customer says, I want to

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1 be -- I have a relationship with Dell and Hewlett-Packard and
2 Compaq and IBM, Staples, Office Max, Office Depot, and I want
3 you to facilitate and set up those communication protocols you
4 talked about, that handshake I think you referred to it, Lawson
5 in fact does that; right?

6 A If the customer --

7 Q Can you answer that question fairly yes or no, sir?

8 THE COURT: Wait a minute. Do you understand the
9 question, Mr. Lohkamp?

10 THE WITNESS: If you could repeat the question.

11 Q You mentioned these communication protocols, this
12 handshake I think is how you referred to it in response to the
13 Court's questions with regard to how these -- the relationships
14 are set out. The user tells Lawson which trading partners it
15 wants Lawson to create that communication with; isn't that
16 right?

17 A If they've asked us to set it up as part of the services.

18 Q If they want punchout partners, and you provided them with
19 this procurement punchout application and they come to you,
20 that's a service that you provide in order to make this
21 punchout capability work; isn't that right?

22 A Yes, yes, we can provide the service.

23 Q And, in fact, you do provide that service; right?

24 A Yes, we do.

25 Q And these punchout partners need to renew their agreements

1 with Lawson annually; isn't that right?

2 A For the ones we've signed agreements with, yes.

3 Q And you also work with some punchout trading partners that
4 you haven't signed agreements with; is that right?

5 A Yes.

6 Q But you still have to set up these same communication
7 protocols notwithstanding that there's no formal written
8 agreement; right?

9 A If the customer asks us to do it.

10 Q And you'll do it?

11 A Yes.

12 Q And you have done it?

13 A Yes.

14 Q And in order to facilitate access to this punchout trading
15 partner item data, it's Lawson's services team that configures
16 within the procurement punchout application to make those
17 trading partners accessible to customers; isn't that right?

18 A Yes, if the customer has asked us to do that.

19 Q And customers ask you to do that, don't they?

20 A Yes.

21 Q And you do it, don't you?

22 A Yes, we do.

23 Q And this configuration that you're talking about, this
24 handshake involves setting up logging credentials and
25 information, other information in order to get to that

1 particular vendor's site; isn't that right?

2 A Yes.

3 Q Forgive me if I've asked you this already, but when you do
4 this and you configure this and you provide these credentials
5 and establish that handshake with a punchout trading partner at
6 the customer's request, Lawson charges a fee for that service;
7 is that right?

8 A Yes, it does.

9 Q And Lawson enters a statement of work with a trading
10 partner for this punchout implementation and configuration
11 services; isn't that right?

12 A Sorry. Statement of work would be with the trading
13 partners; is that what you are asking?

14 Q Yes.

15 A We would do a statement of work for the initial testing as
16 part of the punchout partner agreement.

17 Q And testing is essential in order to make sure this is
18 going to work for the customer; isn't that right?

19 A To know that it works, yes.

20 Q Lawson charges a fee for that?

21 A Yes.

22 THE COURT: Charges who a fee, sir?

23 THE WITNESS: We charge the trading partner who wants
24 to sign up for our program.

25 Q Can you turn to Plaintiff's Exhibit 104, please, sir.

1 You've seen this document before; is that right?

2 A Yes, I have.

3 Q Indeed, you are the author of this document, aren't you,
4 sir?

5 A Yes, I am.

6 Q And as part as your job as product strategist at Lawson,
7 you were proposing a new punchout partner program; isn't that
8 right?

9 A Yes, I was.

10 THE COURT: You mean you are the one who proposed
11 that it get into being in your company?

12 THE WITNESS: Yes, I proposed having a formal program
13 around this.

14 Q Formal punchout partner program; right?

15 A Yes, formal punchout partner program.

16 Q That's the title of this document; correct?

17 A Correct.

18 Q And this formal punchout partner program was later adopted
19 at Lawson along similar lines as you laid out in this document;
20 isn't that right?

21 A Yes, on similar lines.

22 Q And there are certain program characteristics for this
23 punchout partner program that you outline for Lawson; isn't
24 that right?

25 A Yes.

1 Q Why don't you turn to the next page of the document, sir.

2 So the program characteristics were going to be a standard

3 agreement; correct?

4 A Yes.

5 Q And you were going to have annual fees and initial setup

6 fee for these trading partners?

7 A Yes.

8 Q And you were going to have what are called limited

9 partnership benefits; do you see there?

10 A Yes.

11 Q And did you implement the standard agreement?

12 A Yes, we did.

13 Q Did you work out some fee structure that included an

14 initial setup fee and an annual fee?

15 A Yes, we did.

16 Q What are the partnership benefits you were talking about

17 here?

18 A The partnership benefits included being listed on our site

19 as a partner. It included being listed on our supported

20 trading partner list once the testing had been completed. It

21 gave the vendor the ability to use a business partner logo and

22 also an invitation to exhibit at our user conference for an

23 additional fee.

24 Q So one of these benefits was that Lawson was going to

25 co-grant with its trading partner; isn't that right?

1 A No.

2 Q Well, Lawson was going to permit use of its brand, its
3 Lawson brand by the trading partner; isn't that right?

4 A Permit the use of the business partner logo saying they
5 are a Lawson business partner.

6 Q And you've seen where you've gone to these Lawson punchout
7 websites that it is not the commercially available website but
8 it's the site that Lawson has, indeed, set up, and Lawson puts
9 its logo right on it?

10 A The Lawson's framing the vendor website.

11 Q And the Lawson name is right on that frame of the website;
12 isn't that right?

13 A The Lawson logo is on top of that.

14 Q If you could turn to the page, I think it's five of this
15 document which ends with the Bates label 989, and there's this
16 initial -- there's a fee schedule. Do you see that? I'm
17 sorry.

18 A Yes, I see it.

19 Q And underneath that it says, current development rate is
20 \$750 per day; do you see that?

21 A Yes, I do.

22 Q Isn't it true that the current development rate for the
23 Lawson punchout partner program is now actually \$2,000 per day?

24 A Yes, it is \$2,000 a day.

25 Q If you take a look at the next exhibit in the folder, Mr.

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1 Lohkamp, Plaintiff's Exhibit Number 105, you have seen this
2 document before?

3 A Yes, I have.

4 Q It's entitled Lawson procurement punchout trading partner
5 list?

6 A Yes, it is.

7 Q Dated February 2009?

8 A Yes.

9 Q This was a document that was authored by Lawson's
10 documentation team?

11 A Yes, it was.

12 Q Is this document the most current version of the Lawson
13 procurement trading partner list?

14 A No, it is not.

15 Q There's been one subsequently generated since this
16 document?

17 A Yes, there has.

18 Q This is the only document I have that was produced. It
19 may have been this new version -- let me ask you this: When
20 was this new version generated?

21 A I believe there was one that was dated in October 2010.

22 THE COURT: October of 2010?

23 THE WITNESS: Yes.

24 THE COURT: Is it a lot longer than this one?

25 THE WITNESS: It includes a couple more trading

1 partners.

2 Q Is that the only substantive change, to your knowledge?

3 A I think we added another column to better explain the
4 purchase order formats.

5 Q But those formats didn't change in any way, did they?

6 A No, no.

7 Q The purpose of this trading partner list is to inform
8 Lawson's customers who are the available trading partners that
9 they can communicate with through procurement punchout; isn't
10 that right?

11 A Not exactly. It's really to say which ones are supported
12 so that customer knows if they had a question about one of
13 these particular trading partners, they'd be able to call in to
14 our support and get support on the setup. Our customers will
15 use vendors that aren't on this list as well.

16 THE COURT: Suppose I'm a customer and I get this
17 list -- or potential customer, and I want to do business with,
18 let's say, Office Max. You don't have Office Max on this list.
19 You have Office Depot -- oh, yes, sorry. Let me -- let's call
20 it Home Depot. Home Depot is not on this list. I tell you I'd
21 like to get access to them just like I can to Office Max and so
22 forth. What do you do in that instance, if anything?

23 THE WITNESS: In that situation, we'd really kind of
24 go through a list of options with the customer. One is if Home
25 Depot has a website that supports punchout and conforms to the

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1 cXML standard that we use which is that electronic messaging
2 standard, if they conform to that, our customer can use
3 punchout and set it up themselves to punch out directly to Home
4 Depot. They don't need us involved.

5 The second option could be they could hire our
6 services to configure that, or they could --

7 THE COURT: Hire your services?

8 THE WITNESS: Our services or another consulting
9 services to configure it.

10 THE COURT: So what would you do then? Would you --
11 if so asked or hired, would you go to Home Depot and say, look,
12 we're going to do this, we need a contract with you, or how
13 would you do that?

14 THE WITNESS: So in that second example of services,
15 the first hurdle would have had to be does Home Depot support
16 punchout.

17 THE COURT: Right.

18 THE WITNESS: So if the Home Depot website doesn't
19 support punchout, it doesn't really go anywhere because Home
20 Depot has to make their website capable of supporting punchout.

21 So if the answer is no, then nothing happens. Then
22 if the answer is yes and they would like to hire our services
23 to configure that for them, we could do that.

24 The third option is for us to work with Home Depot
25 and perhaps get them to sign up to our punchout partner program

1 and have us perform the testing up front, and then our customer
2 would then decide how they wanted to configure the software,
3 whether they did it themselves or used someone else.

4 THE COURT: Thank you.

5 Q In fact, there have been situations where a customer of
6 Lawson's procurement software has asked you to facilitate and
7 set up and service, to provide them access to a trading partner
8 that is not on the Lawson trading partner list; correct?

9 A I believe it has happened, yes.

10 Q Would anyone -- if you turn to the next page, sir,
11 there's -- I think it goes on for at least two pages. There's
12 a number of partners there that Lawson already has entered into
13 agreements with in which it can provide this capability for
14 punchout; isn't that right?

15 A Well, only some of the trading partners on this list do we
16 have agreements with.

17 Q But in any event, you can -- for these, you have an
18 understanding that they have the capability to be able to
19 accommodate the Lawson procurement punchout; right?

20 A Yes.

21 THE COURT: To what extent, according to your
22 research and understanding if you've done any or have any, do
23 the companies who would be potential trading partners actually
24 have the punchout capability that you've described? Do you
25 have any sense of that? If you don't -- and I'm not asking you

1 to guess.

2 THE WITNESS: I don't have a sense of the exact
3 number. It's definitely a subset of the vendors that our
4 customers would do business with.

5 THE COURT: Okay. Thank you.

6 Q Did I understand you to say that this new version of this
7 document, this procurement punchout trading partner list that
8 was updated in October of 2010, you added additional vendors
9 that you could punch out to; is that right?

10 A Yes.

11 Q Approximately how many?

12 A I think probably three.

13 Q Now, if you'll turn to page three of the document,
14 paragraph begins as specified below?

15 A Yes, I see that.

16 Q It says, as specified below, Lawson delivers generic
17 punchout transaction sets and cXML PO formats for the listed
18 trading partners. Do you see that?

19 A Yes.

20 Q PO stands for purchase order; is that right?

21 A Yes.

22 Q And this cXML is what is called an -- is a specific kind
23 of extended markup language; is that right?

24 A Yes.

25 Q You were saying an extended markup language before is sort

1 of how information may be displayed on a web page?

2 A No. It's a message that is used to communicate
3 information between websites.

4 Q And so Lawson delivers those sets of cXML PO formats for
5 these partners; is that right?

6 A It delivers a generic one.

7 Q In order to facilitate this communication; isn't that
8 right?

9 A Yes.

10 Q Let me go to Exhibit 190 if we can.

11 THE COURT: PX-190, Mr. Robertson?

12 MR. ROBERTSON: Yes, I'm sorry, Your Honor.

13 Q You've seen this document before?

14 A Yes, I have.

15 Q This document is entitled Lawson Software America's, Inc.
16 procurement punchout partner agreement; is that right?

17 A Yes.

18 Q And this is an example of a written agreement that can be
19 between Lawson and one of its punchout trading partners;
20 correct?

21 A Yes, it is.

22 Q And that was a standardized agreement pursuant to your
23 suggestion?

24 A Yes, it is the standardized agreement.

25 Q And you were involved in the drafting provisions in this

1 agreement; right?

2 A I was involved in some portions, mostly just around
3 reviewing some of the content as well as the benefits.

4 Q Why don't we go to Plaintiff's Exhibit 191 if we could.
5 You've seen this document before; correct?

6 A Correct.

7 Q This services order form is part of the agreement between
8 Lawson and its punchout partners; isn't that right?

9 A Yes, if they're going to do testing.

10 Q Didn't I understand you to say before that when you set up
11 these communication protocols, that handshake, if you will, you
12 always do testing in order to determine that it's going to be
13 functional for the customer?

14 A Yes. We do that testing.

15 Q So to be sure, why don't we go to page three of the
16 documents which ends with the Bates label 591, and one of the
17 things to be provided here by a senior technical consultant as
18 a deliverable is punchout testing, internal testing and testing
19 with partner to validate cXML compliant punchout messages and
20 cXML order requests, purchase order; do you see that?

21 A Yes, I do.

22 Q And then upon successful completion of this testing,
23 Lawson updates its procurement punchout trading partner list;
24 is that right?

25 A That's right.

1 Q And at the investment there over on the bottom right-hand
2 corner is the \$2,000 you said is the fee that you charge for
3 that; right?

4 A That's for this proposal, is \$2,000.

5 Q I thought -- I understood you to say that was the standard
6 fee.

7 A Well, it's \$2,000 a day for consultants depending upon how
8 much work it might take. This example is \$2,000.

9 Q That's all I have with respect to that document, sir. Now
10 I'd like to talk to you a little bit about some of the services
11 that Lawson provides to its S3 procurement customers.

12 A Okay.

13 Q One service that Lawson offers to its customers with
14 respect to this S3 procurement product is what are called
15 managed services; isn't that right?

16 A Yes.

17 Q You are familiar generally with the term known as hosting?

18 A Yes, I am.

19 Q And hosting is part of these managed services; isn't that
20 right?

21 A Yes, it can be part of managed services.

22 Q Managed services, I infer from your answer, can include
23 more than just hosting; right?

24 A Yes.

25 Q And managed services, however, are a service that Lawson

1 charges fees to its customers; correct?

2 A Yes.

3 Q And so some of these managed services could be
4 installation; correct?

5 A Installation, my understanding, is separate from the
6 managed services.

7 Q Would you consider those to be under consulting services?

8 A Yes, I would.

9 Q So do you charge for those consulting services as well?

10 A Yes.

11 Q So installation falls in the consulting services bucket?

12 A Yes, that's my understanding.

13 Q Hosting falls within the managed services bucket?

14 A I'm not sure exactly where that would fall.

15 Q Wherever it falls, though, managed services is something
16 that Lawson provides; correct?

17 A Yes.

18 Q There's also training which could include managed
19 services; is that right?

20 A No, training is separate from managed services.

21 Q Is that consulting services?

22 A I think that -- I'm not 100 percent certain. I think it
23 falls under the consulting umbrella.

24 Q Let's talk about these managed services where Lawson is
25 hosting, that is actually providing the system, making it

1 available to the customer instead of having the customer having
2 the software operating on its own servers. You are familiar
3 with that; right?

4 A Yes, to some degree.

5 Q So where Lawson provides this managed or hosted
6 procurement capability, this service, the user is actually
7 accessing the Lawson system over the internet; isn't that
8 right?

9 A Yes. They access that over a secured connection to the
10 hosting computers.

11 Q Why do you want it to be secure?

12 A So that other people don't have access to that data. You
13 only want our customers to be able to log in and access that
14 data.

15 Q And so the customer doesn't actually have to have this
16 procurement software operating on its internal system, it just
17 accesses the system, a secure system that Lawson is operating
18 that makes it available so they can purchase items from
19 multiple vendors; isn't that right?

20 A I'm not sure I completely understand the question. Could
21 you repeat that?

22 Q Sure. Customers don't actually have to have the Lawson
23 software operating on its internal system, its servers; it can
24 just access the procurement system that Lawson is operating and
25 make that available to them so they can purchase items from

1 multiple vendors?

2 A Yes. Our customers don't have to have it operating on
3 their own servers. They can access a hosted set of procurement
4 applications.

5 Q And they can perform these purchasing functions we've been
6 talking about for multiple vendors, can't they?

7 A They can perform the purchasing functions and order from
8 multiple vendors.

9 Q And this hosting operation that Lawson conducts also
10 includes procurement punchout; isn't that right?

11 A It is an option for our customers to use procurement
12 punchout.

13 Q So a customer might prefer to have Lawson host the
14 procurement software as opposed to having it on their own
15 system so they would not have to manage the servers or update
16 the applications; isn't that right?

17 A That's right.

18 Q One of the services Lawson provides with respect to this
19 S3 procurement product we've been talking about is
20 installation; is that right?

21 A That's right.

22 Q And you charge for installation, don't you?

23 A Yes, we do.

24 Q And isn't it true that Lawson's customers choose to have
25 Lawson consultants perform the installation or implementation

1 of this S3 procurement product we've been talking about more
2 often than not?

3 A I don't know for certain about that.

4 Q Do you recall being asked that question in your
5 deposition?

6 A I don't recall being asked that.

7 Q Why don't we turn to your deposition which is the first
8 day, October 20, 2009, at page 103.

9 THE COURT: Page what?

10 MR. ROBERTSON: 103, Your Honor.

11 Q You'll see starting at about line 13, a question was
12 asked, if I'm a customer and I'm having a supply chain
13 management solution installed or implemented, it's your
14 understanding that there's a revenue stream that is associated
15 specifically for that service that can be attributable to, for
16 example, supply chain management if that's the product I'm
17 getting.

18 MS. STOLL-DeBELL: Can you tell me where you are?

19 THE COURT: 103 starting at line ten -- I mean line
20 13, and it's the first part of the deposition, the first day.

21 Q This was a preliminary question, and your answer was, yes,
22 if they choose Lawson consultants to do the work.

23 My next question was, let's just -- focusing on supply
24 chain management licensing for now, you indicated in your last
25 answer there's a revenue associated with the installation of

1 that product if they choose Lawson. Can you tell me in your
2 experience what percentage of Lawson's customers who are
3 implementing a supply chain management solution select Lawson
4 to do -- conduct that implementation or installation, and your
5 answer, I don't know that percentage.

6 My follow-up question was, is it more often than not.
7 Your answer was, yes. Did I read that correctly?

8 A Yes, you did.

9 Q Okay. Thank you. Lawson also charges for the service of
10 transferring item data from what's called a legacy system into
11 the Lawson S3 procurement system; isn't that right?

12 A Yes.

13 Q And from time to time, Lawson consultants actually visit
14 with customers to conduct training sessions for this S3
15 product; right?

16 A Yes.

17 Q And Lawson charges fees for that service as well; right?

18 A Yes.

19 Q And Lawson provides learning tools to its customers with
20 respect to its S3 procurement product; correct?

21 A Yes.

22 Q One of these learning tools is an online classroom
23 training for its customers; right?

24 A Yes.

25 Q Let's talk a little bit about maintenance as a service.

1 If a Lawson user is having a problem with their particular
2 product and they want to go and access a guide that might
3 assist them in working out some of their issues, does Lawson
4 make that type of assistance available to its customers online?

5 A Yes.

6 Q And Lawson charges for that type of service as well;
7 correct?

8 A The charge is part of the maintenance agreement.

9 Q Does everyone need a maintenance agreement when they
10 license these products?

11 A Yes, if they want to have updates.

12 Q By updates, you mean periodically the product may have new
13 features or functionalities or fixes of bugs in the system, and
14 Lawson provides those upgrades for a fee as part of
15 maintenance; is that right?

16 A We provide that -- as part of their maintenance agreement,
17 they get the fixes and the upgrades.

18 Q So as part of the maintenance agreement, everybody gets
19 these upgrades; right?

20 A For the products they own, yes.

21 Q That's why they have to pay the maintenance fee?

22 A Yes.

23 Q And the maintenance fee, just to be clear, is separate
24 from the licensing fee for actually getting the software;
25 right?

1 A Yes.

2 Q And the services, those fees, they are separate from the
3 maintenance fee; right?

4 A Yes, they are.

5 Q Lawson enjoys revenues from both licensing, maintenance,
6 and from servicing; correct?

7 A Correct.

8 Q Of those three categories of revenues that Lawson enjoys
9 proceeds, payments, licensing is, in fact, the smallest; isn't
10 it?

11 A I'm not a hundred percent sure. I think it is.

12 Q So -- let's -- are you sure of this: If I add services
13 and maintenance, in every instance that's going to be larger
14 than the licensing fee?

15 A Every time an individual customer or for Lawson as a
16 company as a whole? I want to make sure I understand what you
17 are asking.

18 Q Let me clarify. Let's talk about first Lawson as a
19 company as a whole for all of its software solutions.
20 Maintenance and servicing revenues together are always larger
21 than licensing revenues for the company as a whole; correct?

22 A That's my understanding, yes.

23 Q For this S3 procurement application we're talking about,
24 the same holds true; right?

25 A Yes.

1 Q Just so I'm clear, everybody who licenses this also has to
2 enter into a maintenance service agreement with Lawson as well.
3 When I say "this," I mean the S3 procurement product we're
4 talking about?

5 A And you're asking when they initially sign their
6 contracts?

7 Q Yes.

8 A Yes.

9 Q Do they have to periodically, from time to time, pay
10 updated maintenance fees?

11 A Periodically they have to renew their maintenance, and it
12 could go up or change.

13 Q Does everybody have to enter into a services contract with
14 Lawson?

15 A No.

16 Q What percentage of the customers involved in this S3
17 procurement product do enter into service agreements?

18 A I don't know that percentage.

19 Q More than half?

20 A I said at my deposition it's more often than not.

21 Q Let's talk a little about this process that involve
22 request for proposals. You are familiar with those; right, Mr.
23 Lohkamp?

24 A Yes, I am.

25 Q From time to time, Lawson's called upon to provide

1 responses to specific questions in a request for a proposal
2 from an existing or potential new customer; isn't that right?

3 A Yes, I'm sometimes called upon to provide answers.

4 Q And we've discussed -- I think the jury has a general
5 understanding as to what RFPs are.

6 A Okay.

7 Q But just so we're clear, you understand them to be a
8 series of questions the customer may be asking about the
9 capability of a particular product; correct?

10 A Yes.

11 Q And you are involved in that RFP process at Lawson; is
12 that right?

13 A Only when in certain situations where I'm asked specific
14 questions. I'm not involved on a day-to-day basis.

15 Q But you have been involved in the RFP process where people
16 come to you and ask you specific questions; is that right?

17 A Yes.

18 Q Your role is typically to help answer these RFP questions
19 that the salesperson at Lawson are unable to answer; isn't that
20 right?

21 A Yes.

22 Q And in many instances, persons who answer those questions
23 are account executives or solutions consultant, and they
24 provide the content for the responses to the RFPs; isn't that
25 right?

1 A That's my understanding, yes.

2 Q But you work with the account executives and solution
3 consultants in providing that content; right?

4 A Are you asking specifically for those RFPs?

5 Q Yes.

6 A So only when I'm requested for those particular questions.

7 Q But when you are asked, you assist in the process;
8 correct?

9 A Yes, I do.

10 Q And you've reviewed those responses and provided guidance
11 on how to answer those questions; correct?

12 A For the questions I'm asked to review or respond to.

13 Q When you do that, you are attempting to provide the most
14 accurate information possible in responding to the questions;
15 correct?

16 A Yes, I'm trying to provide accurate information.

17 MR. ROBERTSON: Your Honor, may I have a minute? I
18 had a section of my outline here that I believe I left over on
19 the table which I believe would be appropriate at this point.
20 See if I can lay my hands on it. I apologize.

21 Your Honor, this might take a minute. May I ask the
22 Court for a short indulgence in order --

23 THE COURT: We'll take the morning recess now, ladies
24 and gentlemen. We'll have 20 minutes.

25 MR. ROBERTSON: Thank you, Your Honor.

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1 THE COURT: Have they already gotten their menus back
2 there?

3 THE CLERK: They've already filled them out
4 downstairs.

5 THE COURT: We won't subject you to the elements in
6 order to eat today. All right, please take your note pads with
7 you.

8
9 (Jury out.)

10
11 THE COURT: Maybe it edited itself out.

12 MR. ROBERTSON: I'm sorry, sir?

13 THE COURT: Maybe it edited itself out. How much
14 longer do you have with this witness assuming you can find that
15 piece that edited itself out?

16 MR. ROBERTSON: I think probably about 45 minutes,
17 Your Honor.

18 THE COURT: 45 minutes more. You're not moving along
19 at a pace that will allow us to finish today given the other
20 testimony that you told me you were going to have.

21 MR. ROBERTSON: Yes, Your Honor. And to be fair, I
22 didn't represent that I thought we were going to finish today.
23 I don't think --

24 THE COURT: To be fair, I thought you did, because I
25 told him to have his people here based on what you told me. So

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1 maybe I misunderstand, but don't be planning on extending this.

2 The curtains will have to come down here at sometime.

3 MR. ROBERTSON: I understand, Your Honor.

4 THE COURT: We're doing a lot of repetition. So

5 maybe you can hone it down.

6 MR. ROBERTSON: I'll try that, Your Honor.

7 THE COURT: I notice this morning we have gone the

8 one hour and a half, approximately, without any cough at all,

9 and I think that's a very good thing. All right, we'll be in

10 recess.

11

12 (Recess taken.)

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